APPENDIX I

Act 222 (1929) Arkansas

AN ACT TO PROHIBIT DISCRIMINATION BETWEEN LESSEES OF OIL AND GAS ROYALTY OWNERS BY PIPE LINE COMPANIES AND OTHER PURPOSES

Be It Enacted by the General Assembly of the State of Arkansas:

Section 1. All purchasers of oil and gas shall pay to the royalty interest the same premium or bonus above the posted market price for oil or gas they pay to the leaseholder or working interest under any oil, gas or mineral lease on lands from which oil or gas may be purchased under contract with the lease owner or operator.

Section 2. It shall be unlawful for any purchaser of oil or gas to enter into any contract with any lessee or operator under any oil, gas or mineral lease, whereby such purchaser undertakes to pay any of the cost or expense of operation or production, steaming, treating or running oil or gas or any other bonus or premium under any name or subterfuge whatsoever, without providing for paying to the royalty interest its proportionate share according to interest therein.

Section 3. It shall be the duty of both the lessee, or his assignee, and any pipe line company, corporation or individual contracting for the purchase of oil or gas under any oil, gas or mineral lease to protect the royalty or lessors interest by paying to such lessor or his assignees the same price including such premiums, steaming charges, and bonuses of whatsoever name, for royalty oil or gas that is paid such operator or lessee under such lease for the working interest thereunder.

SECTION 4. It shall be unlawful for any pipe line company, corporation or individual purchasing oil or gas from the operator or lessee of any oil, gas or mineral lease, to enter into any contract with such operator or lessee whereby such purchaser acquires the royalty oil or gas reserved in such oil, gas or mineral lease for any price less than the price paid the operator or lessee of such lease.

SECTION 5. It shall be the duty of any purchaser of oil or gas to pay the royalty interest at the same time it pays the lessee or producer; provided the parties may expressly waive the time and manner of payment in writing; provided further, the purchaser shall at sometime not later than the 12th day of each month furnish each royalty owner with a statement showing the correct amount of oil or gas purchased during the previous month together with the correct amount paid each interest therefor.

SECTION 6. Any lease holder or operator who contracts for the sale of gas or oil to any pipe line company or other purchaser, under and by virtue of the terms of which the lessee receives a greater amount than the royalty owners in proportion to interest therein, or receives a bonus, or by any other means conspires with a purchaser to receive from the sale or said oil and gas more than his just proportionate share therefrom, shall forfeit his rights in and to said lease-hold premises. And any pipe line company or other purchaser of oil and gas who contracts with any lessee as above set out to the injury of the royalty owners shall forfeit to the said royalty owners treble value of the amount of oil or gas runs thus wrongfully taken from the royalty interest.

SECTION 7. Any person wilfully or maliciously violating any of the provisions of this act shall be deemed guilty

of a misdemeanor and upon conviction thereof, fined in any sum of not less than $100.00 nor more than $500.00.

SECTION 8. All laws and parts of laws in conflict herewith are hereby repealed and this act being necessary for the immediate preservation of the public, peace, health and safety, an emergency is hereby declared and this act shall take effect from and after its passage.

Approved: March 27, 1929.